

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFICORP DBA PACIFIC POWER &
LIGHT COMPANY,

2021 Power Cost Adjustment Mechanism
Annual Report.

DOCKET UE-_____

PACIFICORP’S PETITION TO
EXTEND THE AMORTIZATION OF
THE PCAM SURCHARGE AND
ESTABLISH A NEW SCHEDULE 99
PTC TRACKER ADJUSTMENT

I. INTRODUCTION

1 In accordance with WAC 480-07-370(3), PacifiCorp dba Pacific Power & Light Company (PacifiCorp or Company) petitions the Washington Utilities and Transportation Commission (Commission) for an order extending the amortization period for surcharges on Schedule 97, Power Cost Adjustment Mechanism (PCAM) Adjustment, from 12 to 24 months. PacifiCorp additionally requests the ability to establish new surcharges with a 12-month amortization period on a new Schedule 99, Production Tax Credit (PTC) Tracker Adjustment. The Company petitions the Commission to order these changes become effective on January 1, 2023.

II. BACKGROUND

2 PacifiCorp is an electric utility and public service company doing business in the state of Washington under RCW 80.04.010, and its public utility operations, retail rates, service, and accounting practices are subject to the Commission’s jurisdiction. PacifiCorp also provides retail electricity service under the name Pacific Power in Oregon and California and under the name Rocky Mountain Power in Idaho, Utah, and Wyoming. The Company’s principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon, 97232.

3

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III. SCHEDULE 97 PCAM ADJUSTMENT

4

In May of 2015, the Commission authorized PacifiCorp to implement a PCAM that allows for rate adjustments to account for changes in net power costs (NPC) outside of a band for recovery in base rates. Under the current terms of the PCAM, the Company and its customers share any differences between actual and base NPC, and the Company tracks these differences in a deferral account. A cumulative balance (including monthly interest) in this deferral account greater than \$17 million or less than -\$17 million produces a Schedule 97 price change.¹

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As described in the direct testimony of Jack Painter, filed concurrently with this petition, the 2021 PCAM results in a surcharge of approximately \$25.6 million. Under

¹ *Wash. Util. & Transp. Comm'n v. Pac. Power & Light Co.*, Docket UE-140762, Order 09 at ¶29 (May 26, 2015) (hereinafter "2015 PCAM Order").

the current terms of the PCAM that require a one-year amortization, this would produce a Schedule 97 price change that would increase overall rates by 6.5 percent.

6 The Commission has noted that “gradualism in rate change” and “stability of rates” are factors to be considered in rate changes.² Current circumstances and market conditions notwithstanding, a 6.5 percent increase in rates would have an adverse impact on rate stability for customers, especially in light of the recent rate increase from the new power cost baseline set in the Company’s 2021 power cost only rate case.³

7 Instead of the required one-year amortization, the Company proposes a price change for Schedule 97 that reflects a two-year amortization of the surcharge. Avoiding rate shock and providing rate stability through this extended amortization is consistent with the Commission’s goals and is in the best interests of customers.

8 A two-year amortization will result in an approximately 3.3 percent overall increase in rates. Attachment A shows the calculation of this increase. Attachment A also shows that the Company proposes to spread the PCAM deferral across customer rate schedules consistent with the spread of the base price increase that the Commission ordered in Docket UE-210402 (the Company’s recent Power Cost Only Rate Case).

IV. SCHEDULE 99 PTC TRACKER ADJUSTMENT

9 According to the Stipulation and Order from the Company’s most recent General Rate Case, the Company agreed to track PTCs with annual true-up and price changes separate from those for the PCAM.⁴

² *Wash. Util. & Transp. Comm’n v. Puget Sound Energy, Inc.*, Docket UE-072300, Order 12 at ¶68 (October 8, 2008) (Discussing the factors that are considered in determining the rate spread in a general rate case).

³ *Wash. Util. & Transp. Comm’n v. Pac. Power & Light Co.*, Docket UE-210402, Compliance Filing (April 15, 2022).

⁴ *Wash. Util. & Transp. Comm’n v. Pac. Power & Light Co.*, Docket UE-191024, Final Order 09/07/12 at ¶70 (December 14, 2020).

10 As described in the direct testimony of Jack Painter, filed concurrently with this petition, the 2021 PTC Tracker results in a surcharge of approximately \$3.1 million. The Company proposes to collect this amount according to prices on a new Schedule 99, PTC Tracker Adjustment, and for these prices to reflect a 12-month amortization period. A 12-month amortization will result in an approximately 0.8 percent overall increase in rates. Attachment A shows the calculation of this increase. Attachment A also shows that the Company proposes to spread the PTC Tracker deferral across customer rate schedules consistent with the Factor 10 percentages that the Company used to allocate PTCs in the Company's most recent General Rate Case Cost of Service Study.

V. CONCLUSION

11 The Company respectfully requests the Commission issue an order that extends the amortization period for the PCAM surcharges on Schedule 97 from 12 to 24 months, and that establishes new surcharges with a 12-month amortization period on a new Schedule 99, Production Tax Credit (PTC) Tracker Adjustment. The Company further requests that these changes become effective January 1, 2023. Attachment A shows that the Company's proposed price change would result in an approximately \$15.9 million, or 4.0 percent overall increase in rates, effective January 1, 2023. Attachment B shows that this would increase the monthly bill for the average residential customer using 1,200 kilowatt-hours per month by \$4.84.

Respectfully submitted this 15th day of June, 2022.

By:



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